

## **TELEPHONE BUSINESS LINE**

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Telephone services consist of two general enterprise categories: (I) Infrastructure and (II) Usage. Some telecommunication activities are not currently included in this WCF business line, including local and long distance telephone usage at DOE Field sites [and the acquisition of telephone instruments \(desktop, speaker, wireless devices, cellular, and pager\).](#)

### **I. Telephone Infrastructure**

#### **Service Description**

Headquarters telephone infrastructure encompasses all equipment, maintenance and support required to permit complete telecommunications operability throughout the Headquarters complex, including:

- HQ Campus Connectivity (Circuits) through the Information Exchange (IX) System
- HQ Private Branch Exchange System (Trunk lines and Exchange numbers)
- Trained technical personnel to install, repair and operate the Headquarters telephone system
- DOE Operator Directory Assistance Service

#### **Cost Structure**

Telephone infrastructure costs are predominately fixed, **comprised of:**

- Leased telecommunications circuits connecting the Headquarters-wide facilities to each other and to the FTS2001 system;
- Private Branch Exchange (PBX) Trunk lines (416 @ Fors, 309 @ Gtn) and assignment fees (for -903, - 586, - 287);
- [Technical contractor support for IX operations to install, operate and maintain the various common telecommunications infrastructure.](#)
- [Technical and operational contractor support for FTS2001, AT&T, SPRINT, Worldcom and non-FTS services. This cost is applied to the Telephone business line @ 41% of total cost. \(The remaining 59% of such costs is allocated to non-HQ Field site, based upon population, and is assessed outside of the WCF process.\)](#)
- Telephone Operator and DOE Directory Assistance services;
- Telephone Directory Publication and update services;
- Telecommunications management and integration services. This cost is applied to Telephone Infrastructure @ 65% of total cost. [The remaining 35% of such costs is applied to the Networking business line.]
- Non-federal administrative ("Business Mgmt.") support functions involved with reconciliation and payment of vendor invoices, record-keeping, accounting and financial reporting for business related activities. [In FY 03 this function was assigned its own task under the ITISS contract. This cost is applied to Telephone Infrastructure @ 50% of total contractual cost. \[The balance of such costs is applied to the Networking \(50%\).\]](#)
- ADP contractor support involved with accumulating, translating and verifying commercial vendor billing data and converting vendor data files to formats appropriate for summarizing, tracking and billing program customer usage (the "Telecommunications Billing System"). This cost is applied to Telephone Infrastructure @ 32.5% of total cost. [The balance of such costs is applied to the Networking business line at 17.5% and non-

WCF Field telephone expenses at 50%.]

- Replacement and upgrade of DOE-owned telecommunications equipment and related depreciation of capitalized assets.
- Not included in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC support, printing, photocopying, etc.) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities.

### Pricing Policy

The WCF Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996 (to be effective in FY1997). It provides that the "full cost" of Telephone infrastructure is to be recovered by the Telephone business line through a pro rata allocation of total estimated service costs, based upon the most recent available inventory of telephone lines at all Headquarters facilities. The Board updated the pricing policy on November 10, 1999 (to be effective in FY2000) to authorize an increase in infrastructure charges of "approximately \$700,000" to allow recovery of equipment replacement costs according to pro rata share of total telephone lines. The pricing policy was adjusted a third time by the Board on July 26, 2000 to acknowledge the reduction of infrastructure costs by an estimated \$250,000 per year (effective in FY2002) due to consolidation of the telephone system at L'Enfant Plaza with that at Forrestal. [In April 2003 the Board approved a \\$200,000 infrastructure increase to support contract costs relating to the new ITISS contract with RSIS as the prime.](#)

### Pricing Method (Billing Calculation)

- The Office of CIO maintains a master inventory (via the Telecom Management System) of all telephone lines (Balun, LAN, Data, Centrex, Single) within the DOE Headquarters facilities. Each line is identified by employee name, responsible program organization and location. In the case of shared/common use facilities, lines are designated by type of facility and location. This inventory is verified at the beginning of the fiscal year and revised continuously throughout the year.
- Total Telephone infrastructure costs are estimated prior to the beginning of each fiscal year, based upon the cost components itemized in the "Cost Structure" section above.
- Total annual equipment replacement charges are determined at the beginning of each fiscal year based upon an annualization of monthly depreciation costs recorded in the HQ accounting system (DISCAS) at that time. Depreciation costs are a straight-line declining amortization calculation based upon estimated useful life and "book value" (usually acquisition cost) for all capital assets "owned" by the Telephone business line (individually or in groups). The total annual assessment for equipment replacement is the lower of: (1) actual depreciation costs recorded by the Headquarters Capital Accounting Center at the beginning of the fiscal year, annualized (e.g., October monthly amount times 12) or; (2) the fixed dollar limit specified by approval of the WCF Executive Board.
- Telephone infrastructure costs are allocated to HQ program elements, at the rate of 1/12<sup>th</sup>

the estimated annual cost per month, according to pro rata share of the total telephone line inventory, calculated as: (1) the sum of annual estimated infrastructure costs plus the annual equipment replacement assessment; (2) divided by 12 and; (3) the result multiplied by the appropriate allocation ratio for each billable customer organization. The allocation ratio for each customer organization is comprised of: (1) as the numerator, the number of telephone lines assigned as of the 25<sup>th</sup> of each month and; (2) as the denominator, the total of all telephone lines as of the same date for all Headquarters customer organizations.

- Infrastructure allocation charges are assessed at either of two organizational levels, according to customer preference: (1) the Primary Program organization level (Assistant Secretary, Director or Administrator) or; (2) the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator.
- Since the Telephone infrastructure enterprise pertains only to Headquarters facilities, no charges are assessed through the WCF to Field elements or to HQ LPSO's for Field-related infrastructure.
- Because cost allocations are calculated monthly and the number of phone lines used for allocation is revised on a continuous basis, it is quite likely that both gross monthly charges and per unit rates will vary somewhat from month to month.

### **Billing Cycle**

Telephone infrastructure allocations are compiled every month, based upon the latest inventory of telephone lines. Charges are calculated as of the 25<sup>th</sup> of each month (for the current billing month) and the WCF Manager between the 5th and 7th workday of the following month normally issues billings. Since infrastructure billing is current with respect to costs allocated, there are no accrued charges at the end of the fiscal year.

### **Budget Estimating Method**

- Budget estimates are generally developed using the more representative of two historical methods: (1) the sum of actual WCF charges for the most recent 12-month period prior to issuance of the estimates (e.g., the total of May, PY - April, CY, for IRB estimates prepared in May) or; (2) the straight-line projection of actual year-to-date charges for the current FY to extrapolate annualized amounts expected for the current FY (e.g., the total of actual charges during Oct - April times a 7-month annualization ratio, 12/7, for IRB estimates prepared in May).
- WCF budget estimates do not typically include general or presumed inflation factors, although historically-based projections are adjusted accordingly where definite contractual cost increases or decreases are known to impact the future budget year.
- Budget estimates do not typically include potential or proposed changes in business line pricing structures, unless already approved by the WCF Board for the budget year being formulated.
- Extraordinary or unusual changes in usage patterns, customer allocation bases, organizational structures, and customer staffing levels are usually not anticipated in the Fund's estimates (due to insufficient lead time). Similarly, customer purchases of dedicated service and equipment are typically not identified soon enough to be included in Fund projections.

- Budget estimates are provided solely as guidelines for use by program elements in formulating budget requests for Program Direction funding to Congress. Estimates are made available in mid-May for IRB submissions and in mid-August for OMB submissions. Program organizations are not bound by WCF estimates and may choose to develop alternative estimates based upon whatever criteria and assumptions are deemed appropriate. To the extent that program customers can predict deviations from the norm, due to any number of relevant circumstances, WCF estimates should be revised to reflect the budgetary impact of such changes. Similarly, customers may choose to adjust Fund estimates to include an inflation factor or to anticipate possible pricing changes.

### CY Cost Projection Method

WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date charges annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/7.

### Business Line Objectives: Balanced Scorecard

Objectives for this business are in the format of a balanced scorecard.

- **Customers:** Provide customers with timely and consistent services and maintaining as low as possible costs to the customers.
- **Financials:** Improve efficiency and ensure full cost recovery of ongoing daily costs as well as needed periodic capital improvements.
- **Internal Processes:** Streamline internal processes.
- **Learning and Growth:** Enhance the effectiveness, knowledge, and satisfaction of the Lines' employees.

For more information on these objectives and business line performance measures please go to [www.ma.mbe.doe.gov/wcf](http://www.ma.mbe.doe.gov/wcf) and view the Telephone, Networking and Desktop Five-Year Plan.

### Service Standards

The HQ service standards for telephone infrastructure are:

- Essentially 100% reliability of equipment and connections for all types of telecommunications (local and long distance).
- Customer Service Representatives are available during the extended business hours of 7:00 a.m. to 6:00 p.m. Response time for routine telephone problems experienced during regular business hours is four hours or less. **The numbers to call for repair are (301) 903-2500 or 120.**
- Customer Service Representatives are available to take orders for telephone service from 7:00 a.m. to 6:00 p.m., Monday – Friday. Requests for telephone(s) to be installed, relocated, disconnected or reconfigured will be completed within 5 working days from receipt. The numbers to call for service are **(301) 903-7777 (GTN) and (202) 586-5051 at (FORS)**
- A HQ Telephone Operator is available from 7:00 a.m. to 7:00 p.m. to assist users with call connections, directory reference, or to schedule multiple-call ("Meet Me") conferencing. Dial "0" for Operator assistance.

### Customer Flexibility

Telephone Infrastructure is a "corporate service" that provides a common, standard facility available to all organizational elements at DOE Headquarters. Since this service promotes the welfare of the general community and is potentially of benefit to all programmatic activities, cost allocations are correspondingly spread across the entire community of connected users. Because the cost components necessary to support this infrastructure are relatively fixed, customer options for direct reduction in the cost of service is limited. However, customer organizations do have some latitude with respect to controlling the pro rata share of these costs. In so doing, customers may also contribute indirectly to incremental reductions, or even reengineering, of overall infrastructure costs. Customers may manage Telephone costs in the following ways:

- Manage telephone inventory to minimize connections to the common infrastructure.
- Periodically verify the inventory of telephone lines and update changes on a continuous basis.
- Request removal of telephone lines no longer needed and reassignment of those transferred to other organizations.

## II Telephone Usage

### Service Description

Headquarters Telephone Usage encompasses the full range of telecommunications services provided by the major private-sector commercial vendors such as Verizon, AT&T, and MCI, as well as, multiple cellular and wireless service providers. Included within this category are:

- Local, long distance and international person-to-person and operated-assisted calling.
- Specialized services such as multiple-party conferencing and electronic voice mail and custom calling cards.
- Individualized call management features such as three-way calling, call forwarding, automatic ring-back, stored number auto-dial, and internal caller ID
- Emergency Exchange Service (Dial 411)
- Cellular telephone usage (only) by Headquarters employees based upon actual costs incurred through commercial vendors.
- Wireless service/usage (only) by Headquarters employees based upon actual costs incurred through commercial vendors.

### Cost Structure

Telephone usage costs are substantially variable and predominately severable, **comprised of:**

- Local telephone usage at Headquarters facilities, based upon actual costs incurred through the commercial vendor for this service, Verizon ([GSA/WITS2001](#))
- Long Distance telephone usage at Headquarters facilities, based upon actual costs incurred through the commercial vendors for this service, MCI ([GSA/FTS2001](#)) and AT&T.
- International telephone usage at Headquarters facilities, based upon actual costs incurred through the commercial vendor, MCI ([GSA/FTS2001](#))
- Not included in the Cost Structure: (1) Salaries, benefits, personnel services and payroll processing for federal employees who operate and manage the enterprise activities; (2) Building Occupancy and indirect general administrative expenses (communications, PC

support, printing, photocopying, etc.) necessary to furnish and equip office facilities for both federal and contractor employees located at DOE facilities; (3) Training and Travel expenses for federal employees involved with operation and management of the enterprise activities. [Currently, there are no costs of this type associated with the Telephone Usage enterprise. See the Infrastructure “Cost Structure” section, above]

### **Pricing Policy**

The WCF Board adopted the original pricing policy during two consecutive meetings on April 23 and May 21, 1996 (to be effective in FY1997). It provides that Headquarters (only) Telephone usage is to be charged to program customers as a direct “pass-through” of actual usage costs incurred through commercial vendors (billed to DOE via GSA). The Board updated the pricing policy on November 10, 1999 (to be effective in FY2000); however, the revised policy pertained to infrastructure only, not to usage-based pricing. The Board adjusted the pricing policy a third time on July 26, 2000 but, again, the pricing of usage-based services was not effected. [See Section I., Telephone Infrastructure, “Pricing Policy”, above.] [The Board approved the inclusion of Cellular Telephone service to be effective October 1, 2003 and all other Wireless services effective February 1, 2004.](#)

### **Pricing Method (Billing Calculation)**

- Calls originating from the Headquarters sites are registered and logged through the Telecommunications Management System (TMS). With each outgoing call, a call detail record (CDR) is created consisting of the originating telephone number, terminating telephone number, time and date.
- As bills from commercial vendors are received, outgoing telephone calls (local, long distance, international) are compared with call detail records in the Telecom Management System to identify the originating caller and corresponding program organization to which specific telephone numbers are assigned. Vendor bills typically cover services provided in the prior 4-6 week period.
- Each month there are some calls that, for various reasons, cannot be correlated to a specific program organization. In addition, other calls originate from shared / common use lines that are not associated with a specific program customer and/or provide a benefit to the general Headquarters community. These include: conference rooms, auditoriums, 800 exchange access to voice mail, some support contractors, and some protective services facilities. Similarly, telephone service provided to other federal agencies within the HQ complex (e.g., CFC, FERC, GAO, GSA) are treated as shared / common usage. The cost of these “unmatched” and common usage calls is allocated to all customer organizations based upon pro rata share of total usage costs for each month.
- The allocation of non-attributable usage costs is calculated as follows:  $\text{Org. usage} / \text{HQ total usage} \times (\text{HQ Unmatched} + \text{Common Usage}) = \text{Org. Allocation}$
- The “Universal Service Fund” (USF) charge is assessed by local and long distance service providers to fund programs that support connecting schools and libraries to the Internet as well as to subsidize telecommunications costs for rural health care providers. This charge is passed to each HQ program organization as 4.9 % of total monthly usage costs for each commercial vendor.
- Telephone usage charges are assessed at either of two organizational levels, according to customer preference: (1) the Primary Program organization level (Assistant Secretary,

Director or Administrator) or; (2) the Office Level or corresponding organizational level immediately subordinate to the Program Assistant Secretary, Director or Administrator.

- Since the Telephone usage enterprise pertains only to Headquarters facilities, no charges are assessed through the WCF to Field elements or to HQ LPSO's for Field related usage.
- Because telephone usage is compiled monthly, based upon actual costs incurred, gross monthly charges may vary considerably from month to month. However, per units rates may remain effectively unchanged for a period of several months or more.

### **Billing Cycle**

- Local and long-distance telephone usage is compiled and billed monthly, with an average two-month delay between the latest available usage period (from the vendor) and the WCF billing period (e.g., August billing is based upon June usage). Charges are calculated as of the 25<sup>th</sup> of each month (for the current billing month) and the WCF Manager between the 5th and 7th workday of the following month normally issues billings.
- In each FY, the Telephone billing for August includes accrued (estimated) charges for two months of usage (August and September), as well as actual charges for June. [Actual charges for July appear in the September bill]. In the next FY, actual charges for August usage appear in the October bill along with reversals of the August estimates previously billed. Actual charges for September appear in the November bill along with reversals of the September estimates previously billed. Because of this accrued billing method, charges reflected in the October and November bills are nearly negligible, since actual costs are offset with accrued estimates and only the difference is apparent. Correspondingly, charges reflected in the August bill are approximately 3 times those of an average month. [Accruals and reversals appear on customer billing statements as a distinct service category - they are not literally netted together with actual charges.]

### **Budget Estimating Method**

[See "Budget Estimating Method" under Section I., " Telephone Infrastructure."]

### **CY Cost Projection Method**

WCF projections of current Fiscal Year (CY) usage and charges are updated monthly and provided as a spreadsheet attachment with each bill (Table III, "Annualized Costs as of [Date]"). Projections are calculated based upon fiscal year-to-date annualized. For example, as of the end of April this calculation would be: [7-Month Total Charges (Oct - April)] X 12/5]. For telephone usage the multiplier is 12/5 (instead of 12/7) because, due to the two-month delay in billing for current year usage, the 7-month period being projected includes only 5 months of charges (see "Billing Cycle" section, above).

### **Service Standards**

- Service reliability is nearly 100%.
- A HQ Telephone Operator is available from 7:00 a.m. to 7:00 p.m. to assist users with call connections, directory reference, or to schedule multiple-call ("Meet Me") conferencing. Dial "0" for Operator assistance.
- Response time for non-emergency telephone problems during a normal business day (8:00 a.m. to 5:00 p.m.) is four hours or less.

## Customer Flexibility

All phone calls placed through available infrastructure circuits over hard-wire transmission lines (non-cellular) are subject to the per unit prices, unit counts and usage measurements determined by the contracted vendors providing each type of service. Customers may not select alternative vendors to provide such local or long distance service. However, customers may manage telephone usage costs in the following ways:

- Control the type of service available to each connected telephone line (i.e., intra-building only or; local service only, without long distance access)
- Limit the special features available to each phone line.
- Limit the number of telephone instruments and the features included with each instrument (e.g., hands-free speakers and head-sets). These are non-WCF costs.
- Establish an organizational policy to promote awareness of telephone usage costs and to encourage employees to limit long distance and local calls to business-related purposes.
- [Monitor/review service plans for cellular and wireless devices.](#)

## Points of Contact

Business Line Manager:

[Anthony Russo](#)      301-903-4426

Service Managers:

Judy E. Saylor      301- 903-4999

Diane McDonough      301- 903-2711

For more information, customers are invited to visit the Telephone business web site at <http://cio-ops.doe.gov/telecom/>.

## Frequently Asked Questions

- Q.** Who should we call to disconnect unused telephone lines or to restrict telephone usage (information assistance, long distance, etc.)?
- A.** Customers should contact either Judy Saylor on (903-4999) or Diane McDonough (903-2711) for all telephone service requirements.
- Q.** Who pays for telephone instruments and how do we get them?
- A.** The purchase of telephone instruments (both desktop and cellular) is not a service of the Working Capital Fund. However, the Office of the Chief Information Officer will assist program organizations with such purchases through a non-WCF direct customer funding arrangement. The WCF does provide repair and maintenance service for existing telephone instruments. Please contact either Judy Saylor (903-4999) or Diane McDonough (903-2711) when either new instruments or repair service is required.
- Q.** Can my organization purchase its own telephone instruments directly, rather than through the Office of CIO? Are there any equipment standards that are applicable?
- A.** Yes, a program organization may buy desktop and cellular telephone equipment directly from private-sector vendors. However, the Headquarters telephone system is proprietary to Northern Telecom Inc. (NORTEL) and any telephone instruments connected to the system must be compatible with system standards. To insure compatibility, it is advisable

to consult with the Office of CIO Operations Division. The Telephone business line does not warranty NORTEL compatibility nor does it provide repair and maintenance service for non-compatible equipment. Customers should also be aware that telephone infrastructure charges (based upon telephone line connections) still apply.

**Q.** How can my office reduce its telephone costs?

**A.** The options available for customers to directly reduce their telephone system costs are to reduce local, long distance and international calls. The cost of completing these calls and the duration for long distance and international calls are directly charged to the incurring organization. An individual organization has the option of limiting the type of services available on their office telephones (e.g., (1) only intra Forrestal and Germantown locations, (2) only intra and local calling, (3) only intra, local and long distance calling, etc.).

**Q.** [Who should we contact to procure cellular as well as other wireless services?](#)

**A.** [Customers should contact either Judy Saylor on \(903-4999\) for Diane McDonough \(903-2711\) for assistance.](#)

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